Media Release

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Zeta Petroleum plc ('Zeta' or 'the Company')

Quarterly Activities Review – Period Ended 31 December 2012

Zeta Petroleum plc, the ASX listed Romanian focused oil and gas exploration and production company provides its quarterly activities review for the period ended 31 December 2012.

Highlights:

Suceava (50% Zeta, 50% Raffles Energy - operator)

- Existing production at Climauti gas field remains stable at approximately 15,500 cubic metres per day (m3/day) generating net revenues to Zeta of US$25,000 per month
- Well commitment on the Suceava concession fulfilled by drilling the Musenita-1 exploration well
- Feasibility study to commence on bringing two existing gas discovery wells on Suceava into production in 2013 to potentially significantly increase Zeta's net production - targeting additional revenues net to Zeta of approximately US$75,000 per month

Jimbolia (39% Zeta, 51% NIS Gazprom Neft - Operator, 10% Armax)

- Completion of Farm-out Agreement with NIS Gazprom Neft on the Jimbolia concession
- Drilling commenced at the Jimbolia-100 well operated by NIS Gazprom Neft on 31 December 2012, target depth 2,590m
    - Well targeting the Jimbolia Veche discovery with two hydrocarbon bearing intervals and a current Pmean contingent oil resource of 1.72MMbbls

Bobocu (100% owned and operated by Zeta)

- Sidetrack well target identified after analysis of Bobocu 310 well data and reprocessing of 3D seismic, resulting in improved geological model

Other activities

- Assessing other onshore oil and gas opportunities within Romania and Eastern Europe that may complement and enhance Zeta's current portfolio

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Zeta Petroleum plc Managing Director Stephen West said, "During the quarter, our development programme has seen us participate in the drilling of a well on the Suceava concession and complete the farm-down of a 51% interest in Jimbolia to NIS Gazprom Neft who are currently drilling an appraisal well (and funding 100%). 2013 promises to be another highly active year for Zeta and I look forward to reporting on our progress as we focus on crystallising the value of our asset base, and in the process build a leading Eastern European oil and gas company."

Full Details:

Suceava (50% Zeta, 50% Raffles Energy (Operator)):

The 2,403 sq km Suceava concession is located on the Moldovian platform, approximately 370 km north of Bucharest and is contiguous to the Chevron owned Barlad concession. The Suceava concession includes the Climauti Gas Field.

Climauti Gas Field

During the quarter, production from the Climauti Gas Field was steady at rates of approximately 15,500m3/day from Sarmatian reservoirs at around 460 metres depth. This production generated approximately US$25,000 per month net revenue to Zeta.

Exploration

On 13 November 2012 the Musenita-1 exploration well commenced drilling and on 22 November 2012 it was drilled to its target depth of approximately 600 metres. Reservoir sections were encountered as expected and three tests were subsequently performed on the well. No commercial gas flowed to surface and as a result Musenita-1 was plugged and abandoned by the Operator. The drilling of the Musenita-1 exploration well fulfilled the well commitment on the Suceava concession.

Existing Gas Discovery Wells

Zeta and Raffles Energy have agreed to commence a Feasibility Study on how best to bring two existing gas discovery wells into production in 2013, and in the process, significantly increase current production from the concession. Both wells were successfully drilled by previous owners of the concession and flowed commercial rates of gas in tests: the SE-1 drilled in 2005, tested at a stable rate of 25,500 m3/day (peak rate in excess of 33,000 m3/day) and the Dornesti Sud-1, which was drilled in 2007, tested at 24,000 m3/day.

Low cost options to bring the two wells back into production will be considered by the Feasibility Study and will include constructing conventional facilities and a pipeline from the two wells to an existing main pipeline as well as utilising gas-to-power technology. It is estimated that the cost of the conventional facilities and pipeline option will be approximately €2 million (€1 million net to Zeta) and the gas-to-power option is likely to be significantly less. These cost estimates will be confirmed by the results of the Feasibility Study.

Based on the tested flow rates of both wells, the Company is targeting additional revenues net to Zeta of approximately US$75,000 per month from the two wells, increasing Zeta's total revenues to around US$100,000 per month. Combined with the relatively low capital outlay, the Directors believe the two wells have the potential for rapid payback of capital (recover costs).

Jimbolia (39% Zeta, 51% NIS Gazprom Neft (Operator), 10% Armax):

The Jimbolia Concession is located in the proven and producing eastern part of the Pannonian Basin consists of two discoveries, Jimbolia Veche and Jimbolia Vest.

NIS Gazprom Neft Farm-Out

The Farm-Out Agreement ('FOA') signed on 31 August 2012 with NIS Gazprom Neft, which is 56% owned by Gazprom – the largest producer of natural gas worldwide – completed on 18 October 2012. Under the terms of the FOA, Zeta assigned a 51% working interest in the Company's Jimbolia Concession in return for NIS Gazprom Neft funding 100% of an appraisal well targeting the Jimbolia Veche discovery.

Following completion of the FOA the registered holders of the Jimbolia Concession are as follows:

Company	Interest
Zeta Petroleum plc	39%
NIS Gazprom Neft (Operator)	51%
Armax Gaz S.A.	10%

Jimbolia Veche Discovery

The Jimbolia-100 appraisal well commenced drilling on 31 December 2012 and is targeting the Jimbolia Veche discovery, which has two hydrocarbon bearing intervals and a current Pmean contingent oil resource of 1.72MMbbls. Previous drilling by Petrom in 1983 identified the Pliocene VIII as an oil reservoir with a gas cap. This was penetrated by two wells, the Jimbolia-1, which flowed at rates up to 120 bbls/day and tested at a sustained rate of 50 bbls/day for 6 days and Jimbolia-6, in which tests indicate an oil leg with an oil density of 780kg/m3 (50° API).

Jimbolia-100 will be drilled to a target depth of 2,590 metres which is expected to be reached in mid-February 2013. A further 15 days will be required to complete logging and testing operations. If successful, Jimbolia-100 will be completed as a production well.

Jimbolia Vest Discovery

On a wider basis, the Board believes there is additional potential in the Jimbolia Vest discovery which was tested, but not produced, over two intervals of the Lower Pliocene IV reservoir, with the lower interval (16m) flowing 33% CO_2, 61% CH_4 and condensate at rates of 196Mscf/d, and the upper interval (8m) testing gas (no flow rate details available).

Bobocu (100% owned and operated):

The Bobocu Gas Field previously produced from 1977 until it was abandoned prematurely in 1995 and is located to the north of the Buzau valley, approximately 20km northeast of Buzau and 110km northeast of Bucharest.

Bobocu-310 Well

During the drilling of the Bobocu 310 well in September 2012 multiple gas shows were encountered and the wireline logs indicated gas bearing reservoir. Initial testing of the well did not yield commercial gas and it was decided to suspend the well pending further analysis.

The downhole well logs and pressure data from the Bobocu 310 well have now been analysed and evaluated, and the results have been incorporated into the field's existing geological model, which includes 75 sq km of 3-D seismic.

In addition to the evaluation work on the Bobocu 310 well data, the 3-D seismic acquired over the field by the Company in 2010 was reprocessed using seismic inversion to improve its resolution by utilising the shear sonic log acquired in the Bobocu 310 well. This has further improved the accuracy of the Bobocu geological model.

Sidetrack Well

Further to the extensive evaluation of the Bobocu-310 well results and the acquired logs, it is the Company's intention, subject to finance, to sidetrack a well from the existing Bobocu-310 well location targeting an up-dip area approximately 500 metres south of the existing well location. It is estimated that the sidetrack well operation will take approximately 20 days to complete and will cost in the region of US$1.5 million.

Although the initial testing of the Bobocu 310 well did not yield commercial gas, the intention remains to bring this field back into production by initially drilling a sidetrack well and then new development wells. The Company believes that the Bobocu field remains prospective and will pursue suitable avenues from which to advance its exploitation. With 100% control of the Bobocu field, there are various development options available.

Prospecting Permits (100% owned and operated)

Zeta holds in excess of 6,000 sq km of non-exclusive prospecting permits in the eastern Moldavian region of Romania, which is a known hydrocarbon-prone area. The prospecting permits give the Company the right to data in relation to the prospecting areas and also the right, but not the obligation, to request that part of a prospecting area is placed into a bidding round in which the Company will have the opportunity to bid for a licence over the selected prospecting area. During the quarter Zeta submitted to the National Agency for Minerals and Resources (Romania) an evaluation report and letter of intent to participate in the next licencing round which is expected to open later this year.

Other Opportunities

In line with its strategy, the Company continues to assess other onshore oil and gas opportunities within Romania and Eastern Europe that may complement and enhance the current portfolio. With an experienced team and an exciting platform of assets, the Company believes that it is ideally positioned to capitalise on the regional opportunities. This is particularly relevant with the increasing issues of energy security translating into countries being keen to develop their own energy sources.

Corporate Affairs

On 24 October 2012 the Company closed a pro-rata non-renounceable rights issue of 15,970,250 share options at a price of 1 cent each ('Loyalty Options') raising US$159,702.50 (before expenses). The Company largest shareholder, GM Investment & Co Limited, and all directors and senior employees subscribed for their full allocation of Loyalty Options. The Company decided to not proceed with placing the shortfall of Loyalty Options and accordingly no further Loyalty Options will be issued.

At the end of the quarter the Company maintained a cash position of approximately A$872,000 as well as income from its producing Romanian gas asset. The Directors believe that the Company's current cash position together with income from gas sales is sufficient to fund existing working capital for at least 12 months.

****ENDS****

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The information provided in this press release that relates to Zeta Petroleum plc's hydrocarbon reserves is based on information compiled by Mr Philip Crookall who is a competent person as defined in ASX Listing Rule 5.11. Mr Philip Crookall has consented in writing to the inclusion of the information provided in this press release that relates to Zeta Petroleum plc's hydrocarbon reserves in the form and context in which it appears here. Mr Philip Crookall is Chief Operating Officer of Zeta Petroleum plc.